

U.S. Urges Aquino To Step Up Fight Against Insurgents

New York Times Service
SANTA BARBARA, California — Reagan administration officials say they are increasingly concerned by what they consider to be a lack of effectiveness by President Corason C. Aquino of the Philippines in handling insurgencies by Communists and other groups.
They said Sunday that they wanted her to take tougher measures against the rebels.
The officials said their concerns were certain to be discussed when President Ronald Reagan and other officials meet with Mrs. Aquino on her trip to the United States in mid-September.
Mrs. Aquino made conciliatory remarks about a main theme of her election campaign to seek a cease-fire and negotiations. In recent months the Reagan administration has generally concluded that such an approach is not succeeding, the officials said.
In Manila, Aquino administration officials reacted with puzzlement and irritation Monday to what they called unfair criticisms by the White House. The officials said they believed the criticism was intended to put Mrs. Aquino on the defensive before her meeting with Mr. Reagan.
Officials close to Mrs. Aquino said they found the criticism particularly surprising, considering that it came at a moment when negotiations with the Communists were just getting under way and on the eve of a meeting this week between the president and the leader of the largest Communist insurgency in the country.
One top Philippine official said: "This was entirely uncalled for, two weeks before her trip. They float these things to put her on the defensive, which she will never be. It's almost as if they don't want her to succeed, the better to control her."
The official said he found the get-tough advice from Washington ironic since it reversed the posture that was taken with the former president, Ferdinand E. Marcos, who was criticized for taking a purely military approach to fighting insurgencies in the Philippines.
Reagan administration officials said one area of concern was that Communist insurgents despite the peace overtures, had been seizing additional territory to strengthen their bargaining position.
A Philippine official, however, denied the assertion. "You don't work in terms of territory in the guerrilla war," he said. "And since Mrs. Aquino came to power, their influence has receded enormously. They have been losing popular support to Cory."
But U.S. officials said the Reagan administration, unlike the Aquino government, was convinced that many of the insurgents had no wish to end their rebellion.
"There are real concerns in the main quarters," said an administration official who asked not to be identified. "She had to make this effort and she has made it and now



Gadhafi Assails Reagan

Colonel Moammar Gadhafi, above, marked the 17th anniversary of his rise to power in Libya on Monday with criticism of Ronald Reagan, Vernon A. Walters, the U.S. envoy to the United Nations, arrived in Spain to discuss the struggle against terrorism.

Bonn Cautions Against U.S. Raid on Libya

By James Mackham
New York Times Service
BONN — An adviser to Chancellor Helmut Kohl said Monday that West European intelligence organizations had no indications that Libya was plotting "spectacular terrorist actions" and cautioned that a U.S. raid on Libya could undermine chances for a U.S.-Soviet summit meeting.
Meanwhile in Madrid, Vernon A. Walters, chief U.S. delegate to the United Nations, started a tour of eight West European capitals in an apparent bid to win support for tougher sanctions against Colonel Moammar Gadhafi's government.
After meeting with Foreign Minister Francisco Fernandez Ordoñez, Mr. Walters said: "We discussed matters of common interest, including the struggle against terrorism throughout the world. I have not come to make demands."
In Bonn, Mr. Kohl's side consultations with major West European governments had produced the unanimous view that Colonel Gadhafi was not plotting major terrorist actions.
"Gadhafi is crazy," said the adviser. "He's always got fire in his rear end. But there is no sign he is planning spectacular terrorist actions."
The side, speaking on condition of anonymity, said that three Arab states last month in West Berlin had not been convincingly linked to Libyan terrorist efforts.
White House officials earlier suggested that the three Lebanese suspected of the 1985 bombing of a U.S. Navy ship were "probably would not be at U.S. interests in West Berlin."
"We Europeans do not know anything," said the adviser, who has access to the most confidential information available to the Bonn government. "It may be that the Americans know more than we do; in this case they must show us."
He outlined several developments that pointed to the likelihood of a summit meeting between President Ronald Reagan and Mikhail S. Gorbachev this year.
But he cautioned that a second U.S. raid would put the Soviet leader in a situation even more awkward than after the bombing strikes on Tripoli and Benghazi on April 15.
Moscow confined itself largely to verbal support for Libya, but continued a meeting that was to have laid the groundwork for a second summit meeting.
Mr. Kohl faces national elections on Oct. 25. He and his advisers say that a smooth run-up to a summit could deprive the opposition Social Democratic Party of a foreign policy issue that might win it votes.
But a renewed crisis over Libya could refuel anti-American feelings in West Germany and help the Social Democrats.
Libya's 17th anniversary of its rise to power Monday by branding the Reagan administration as a "new Nazi empire" and threatening to form an international army to fight the United States worldwide. The Associated Press reported from Tripoli.
The Libyan leader reviewed a military parade of more than 18,000 troops in central Tripoli as part of Revolution Day celebrations on the anniversary of the military coup on Sept. 1, 1969, in which he seized power from King Idris.
In a three-hour speech last Sunday and early Monday to about 5,000 people in central Green

Crash May Focus Attention on Air-Lane Congestion

By Robert Lindsey
New York Times Service
SAN FRANCISCO — The collision of two planes over Los Angeles on Sunday was the first serious air accident in the United States in a year when crowded skies and an underfunded air traffic control system have caused concern about safety in the nation's air lanes.
Investigators said it was too soon to determine what caused the accident south of Los Angeles, but the pattern it followed with long haunts those concerned with aviation safety: an airliner filled with passengers approaches a busy airport on a Sunday when the sky is crowded with unusually large numbers of pleasure fliers and, because of error by one or more pilots or by a traffic controller on the ground, they collide.

In many ways the collision was similar to a crash that occurred in 1978 less than 100 miles (160 kilometers) to the south.
In that crash, a Pacific Southwest Airlines Boeing 727 collided over San Diego with a small single-engine plane with two people, one of them a student pilot, aboard.
One hundred thirty-five people in the airliner and the two persons in the private plane were killed, and five of the 20 in a middle-class neighborhood beneath the approach path to San Diego's Lindbergh Field killed seven persons on the ground.
Weather officials said the skies were clear when the Aeromédico DC-9 and the private Piper Cherokee collided shortly before noon over the suburban town of Carlsbad, about 30 miles south of downtown Los Angeles.
Under such conditions, pilots are seen AIR, Page 6

Although it is standard procedure for a commercial jet to operate under the direction of Federal Aviation Administration controllers on the ground, that is not necessarily the case for private planes.
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Under such conditions, pilots are seen AIR, Page 6



A charred path runs through the Carlsbad, California, neighborhood where the Aeromédico DC-9 crashed, killing at least 67.

Toll Is at 67 As Searchers Comb Site

The Associated Press
CERRITOS, California — Emergency crews picked through burned-out houses Monday, searching for the dead and missing after an Aeromédico DC-9 and a small plane collided and plunged in flames into a suburban neighborhood here, killing at least 67 persons.
The crash Sunday killed all 58 passengers and 6 crew members on the Aeromédico DC-9, and 3 persons in a single-engine Piper PA-28 private plane.
At least 10 persons were missing and feared dead in Cerritos, where the planes plummeted to the ground, about 20 miles (32 kilometers) southeast of Los Angeles International Airport.
The authorities offered no immediate explanation for the cause of the crash, which occurred at midday in clear weather with no wind.
Witnesses said they saw the smaller plane crash into the tail section of the jetliner.
The planes collided at 6,200 to 7,000 feet (1,880 to 2,100 meters), aviation officials said. They said it had not been determined if either plane had been out of a proper flight path.
[The light plane may have strayed into one of Los Angeles airport's principal approach routes without proper authorization, aviation officials said. They said it was not clear if the light plane had been out of a proper flight path.]
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Seoul Challenges Tokyo for a Share of U.S. Market

By Nicholas D. Kristof
New York Times Service
LOS ANGELES — Products made in South Korea are flooding the United States and some experts say the country is challenging Japan as the leading supplier of low-priced goods.
Hyundai, for example, introduced its Excel subcompact car in February, and already it is the fourth best-selling import, having passed Mazda's Model 626 in July.
General Motors Corp. and Ford Motor Co. are planning to import Korean-made cars for sale in the United States.
In electronics, Korean Lucky Gold Star Corp. is planning to open a plant in Alabama in August designed to produce up to a million microwave ovens a year.
Gold Star and another South Korean company, Samsung, are planning to open a plant in Texas to produce up to a million televisions annually at U.S. plants. And an Arizona company is just beginning to market Hyundai's Nambla personal computers, at a basic price of \$699.

The developments come as the U.S. deficit on merchandise trade has widened to a record.
On Friday the Commerce Department reported that the deficit deepened to \$18.04 billion in July from \$13.25 billion in June, with imports twice as large as exports for the first time.
The parallels between South Korea and Japan trade activities are widely noted, and South Korea is sometimes labeled "the new Japan" for its ability to develop markets in the United States by undercutting prices, even those of Japanese goods.
Shinichi Shirai, executive vice president of a Japanese-owned trading company, Nichi Iwai America Corp., said, "Korea will take the same course of development that we took 12 years ago."
But while South Korea is mounting a stiff challenge, Japan is in no immediate danger of being eclipsed, trade experts agree.
For one thing, the South Korean products

are planning to import Korean-made cars for sale in the United States.
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Mugabe Calls on Nonaligned Group To Break Bonds of Racism, Poverty

Compiled by Our Staff From Dispatches
HARARE, Zimbabwe — Prime Minister Robert Mugabe of Zimbabwe assumed the chairmanship of the Nonaligned Movement Monday and called on Third World countries to break the shackles of apartheid and poverty.
Taking over from Prime Minister Rajiv Gandhi of India on the 25th anniversary of the founding of the 120-member group, Mr. Mugabe said he was beginning his three-year term conscious of his duty to all the group's diverse members and "the suffering people of southern Africa."
Mugabe was chosen to hold the week-long conference, attended by nearly 50 heads of state or government, to focus attention on the racial policies of South Africa, whose border lies 750 kilometers (470 miles) south of here.
The colorful opening ceremony at Harare's conference center was held in the presence of kings, presidents and prime ministers. Many wore national dress or uniforms, among them President Fidel Castro of Cuba and Thomas Sankara of Burkina Faso.
President Daniel Ortega Sastre

of Nicaragua addressed the meeting after Mr. Mugabe decried U.S. intervention in his Central American nation.
Mr. Ortega said the Nonaligned Movement "cannot accept doctrines that try to subordinate law and the principles of the international community."
At least 18 persons were injured by a bus crash in a Durban department store. Page 6.
Referring to the vast amounts spent on military hardware and international wars, he said: "Surely the time has come to call man's hand back to sanity: to reorder his priorities in favor of life and development, as against death and destruction."
Indicating he would work on all the problems facing the Nonaligned Movement and not simply concentrate on the situation in Africa, Mr. Mugabe said he was

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TOMORROW

The battle for control of the U.S. Senate has no theme, but it good horse. Insights.

A Soviet Antonov AN-124 dwarfs British fighter jets at the Farnborough Air Show in England. McDoppell

Douglas Corp. officials said they expected a commitment on producing a new jet, the MD-11. Page 9.

Iraq Says It Has Halted a New Iranian Assault in Mountains

MANAMA, Bahrain — Iran launched a new Gulf war offensive Monday to try to capture strategic mountain peaks on the northern front, but Iraq said the assault had been halted.

The Iranian news agency IRNA said the overnight attack, code-named "Karbala-1" was in the rugged Haj Omran region, 240 miles (380 kilometers) north of Baghdad.

I said Iranian forces were advancing and that hundreds of Iraqi dead, been killed, wounded or taken prisoner.

In Baghdad, a military spokesman quoted by the official Iraqi News Agency said that Iraqi troops had halted what he called a major Iranian offensive involving three divisions.

Iranian leaders have threatened a decisive offensive several times to end the six-year war, and Prime Minister Mir Hussein Mussavi of Iran said last week that such an attack was "not far."

The Iraqi spokesman said the

Iranians opened their assault at 1 A.M. and were trying to recapture Mount Karamand, a peak taken by Iraq after heavy fighting in May. Iran had occupied it three years earlier.

He said the Iraqi 5th Army Corps had managed to "destroy the attacking forces," capturing a number of Iranian troops. His remarks indicated that fighting was continuing.

Mount Karamand, in a predominantly Kurdish area, overlooks the Haj Omran border valley and the peak of Karbala.

The fighting Monday appeared to be the biggest flare-up in the Gulf war since the "Karbala-1" offensive in early July, when Iran regained its south-central border town of Mehriz after a six-week Iraqi occupation.

In the intervening period, there has been an upsurge in attacks by Iran and Iraq on economic and industrial targets, with both sides regaining many civilian casualties. As the war enters its seventh year,

this month, Iraq has repeated proposals for peace, but Iran said it would resume the struggle until the current Iraqi leadership is overthrown.

Turning Point Expected

Richard Harwood and Don Oberdorfer of *The Washington Post* reported from Baghdad.

After six years of fighting, the view between Iran and Iraq could be approaching its turning point, in the view of specialists in the White House and the State and Defense departments.

A major Iranian offensive would be intended to break the wall of Iraq by seizing more Iraqi territory and inflicting heavy casualties, U.S. officials say.

But if Iran mounts a costly effort to take even the dedicated revolutionary regime may be unable to continue to wage all-out war.

The conflict began with an Iraqi attack in September 1980. According to rough estimates accepted by the White House, it now has cost more than a million dead, wounded

or captured, about two-thirds on the Iranian side — a toll approaching that of the Korean and Vietnam wars and far exceeding other Middle East conflicts of modern times.

There is hope that a major Iranian offensive would be the beginning of the end of Iran's ability to expand its influence by force of arms. But there is apprehension that Iraq could be in win decisively, with consequences spreading out in widening circles from the Gulf through the Middle East and the Islamic world.

Another danger is the U.S. government takes seriously its competing air attacks on oil installations and oil tankers could become more intense, endangering Arab oil shipments and the world's petroleum lifeline and forcing the United States into other major powers to intervene.

A U.S. defense official said that the Iranian desire for a "total victory" the Tehran government's strategy to resume offensive operations for "a long, long time to come."

A State Department expert was a bit less categorical, saying, "Iran will have to reassess how it conducts the war." It is an offensive fallacy. "They will keep it going," as long as Ayatollah Ruhollah Khomeini lives, and perhaps for a time thereafter, said the official, but Iran could decide to wage "a limited border war" in the future if it is unable to make headway this time.

Iranian capability has often been underestimated. At the start, U.S. intelligence predicted that Iran would quickly lose to Iraq. But Iran has shown impressive ability to penetrate despite tremendous battlefield losses. According to Washington sources, Iran has improved its military skills, including coordination of regular forces with revolutionary guards and field use of artillery.

There is growing evidence, however, of strains in Iranian society that may be affecting support for the war. Disagreements between regular army commanders and leaders of the revolutionary guards have been reported. The official said to be highly critical of the

"human wave" tactics of the poorly trained guardsmen.

Recent losses in Iranian cities, including a car bomb that killed 11 persons in the holy city of Qom recently, are another sign of trouble for the Khomeini regime. A combination of diminished oil exports resulting from Iraqi attacks and the sharply reduced price of oil has cost Iran dearly, making it difficult to continue the war and finally needed imports in years to come.

Moreover, Ayatollah Khomeini himself, U.S. experts in a recent speech by sternly criticizing an unidentified "group of people" in Iran, including exiles and others, who are "calling out the revolution" by asking for peace or arbitration.

"We must continue this war as dictated by ourselves and our nation," he said, "until God willing, victory is achieved." Until the official said, there was little awareness in Washington that "obstruction" was much of a problem in Tehran.

WORLD BRIEFS

U.K. to Tighten Some Visa Controls

LONDON (Reuters) — Britain decided Monday to tighten visa requirements for some visitors from West Africa and Asia following complaints of chaos at immigration control at Heathrow Airport, government sources said. An official announcement was expected.

They said that visitors from India, Pakistan, Bangladesh, Nigeria and Ghana who had previously been able to arrive without visas would be obliged to obtain them before entering Britain.

The Home Office, the ministry responsible for immigration, said there has been a 60-percent increase in the number of visitors from the five countries. It said this has resulted in lines of up to four hours as officials checked that visitors were not intending to stay in Britain.

AIDS Kills 528 in Tanzania This Year

DAR ES SALAAM, Tanzania (AP) — More than 500 people died of AIDS in Tanzania during the first seven months of this year, a government health official disclosed Monday. The total was nearly four times the number dying from the disease in the two previous years.

Saidi Chumwa, head of the Health Ministry's community health education department, said acquired immune deficiency syndrome killed 528 people from January to July, with 228 of the victims dying in July alone.

He said a total of 664 people had died of the illness, which attacks the body's defenses against disease, since AIDS was first diagnosed in the country in 1983. According to American researchers, 22,000 people have been afflicted by AIDS in the United States, of whom about 12,000 have died.

U.S. Aide to Visit Israel, Egypt, Jordan

JERUSALEM (AP) — An assistant U.S. secretary of state, Richard W. Murphy, arrived in Israel on Monday to begin a mission involving Israeli, Egyptian and Jordanian leaders on how to resume peace efforts in the Middle East. Foreign Ministry officials said.

Mr. Murphy was due to meet with Prime Minister Shimon Peres, who, in turn, is expected to meet President Hafez Assad of Syria. Mr. Peres has recently engaged in a flurry of diplomatic activities to add momentum to peace efforts before heading over his post as Foreign Minister Yitzhak Shapira in October.

An official, who spoke on condition of anonymity, said Mr. Murphy would try to set up a preliminary negotiating committee of Jordanians, Egyptians and Israelis, which would prepare a working paper on how to set up peace talks between Israel and Jordan.

Bangladesh Sets Presidential Election

DHAKA, Bangladesh (AP) — Presidential elections will be held Oct. 15, the election commission announced Monday. President Hussain Muhammad Ershad is expected to run as the candidate of the ruling Jatiya Party.

A military rally announced his decision to join the party at a party rally Monday. Mr. Ershad gave up the post of army chief of staff Sunday and was to be elected chairman of the party Tuesday.

In recent weeks, the main opposition alliance that boycotted parliamentary elections on May 7 have announced that they would stay out of presidential election in protest against the continuation of martial law.

Salvador, Rebels to Meet in Costa Rica

SAN SALVADOR (UPI) — Representatives of the government and leftist rebels will hold a preliminary meeting in Costa Rica Sept. 10, Mr. Peres has recently engaged in a flurry of diplomatic activities to add momentum to peace efforts before heading over his post as Foreign Minister Yitzhak Shapira in October.

An official, who spoke on condition of anonymity, said Mr. Murphy would try to set up a preliminary negotiating committee of Jordanians, Egyptians and Israelis, which would prepare a working paper on how to set up peace talks between Israel and Jordan.

The two sides agreed last month in Mexico City to resume peace talks on Sept. 19 in Costa Rica, in eastern El Salvador. They also agreed to hold a preliminary private meeting in the first week of September to set the agenda for the talks. The talks would be the first since late 1984.

The establishment, who has acted as an intermediary in the negotiations, announced the talks on Sunday. He did not say exactly where or when the meeting would be held, but said it would be held in place or where would represent each side.

For the Record

Two Sikh gunmen killed a Hindu judge on Monday in the Punjab city of Jullundur, police reported. Police sources said that the judge, R.P. Gaiad, had received threats for his convictions of Sikh activists.

An earthquake reached the Soviet Moldavian Republic on the border with Romania on Sunday. At least one person was killed and 538 were injured, a Russian official said Monday.

The Israeli minister for Israeli-Arab affairs, Ezer Weizman, conferred with Chancellor Helmut Kohl in Bonn on Monday. A West German spokesman said their main subject was plans for an Israeli-Egyptian meeting.

Travel Notes

The United States has lifted a warning about security measures at Manila International Airport, the U.S. Embassy said Monday in Manila. The U.S. transportation secretary, Elizabeth H. Dole, said last month that security measures at the airport did not meet standards prescribed by the International Civil Aviation Organization.

In British Columbia Airways said Monday it had suspended flights to and from Nigeria because of a strike by staff in Lagos.

Former Bhutto Loyalists Lead Split in Opposition

By Richard M. Weintraub
Washington Post Service

LAHORE, Pakistan — The opposition Pakistan People's Party, led by Benazir Bhutto, has formally split with the formation of the National People's Party under the leadership of former Bhutto loyalists.

The new party portrays itself as a centrist enclave in the party of a new generation of enthusiastic but untested political figures.

Political analysts have noted the new leaders' failure to bring out the consistently peaceful protest demonstrations promised by Miss Bhutto and her lieutenants as they have mounted their campaign for election against General Zia and Mr. Jinnah.

Speakers at the National People's Party convention Sunday consistently emphasized the need to organize, saying this is something Miss Bhutto had failed to do.

Pakistan, the army is organized and the parties are not. "Hamid Raza Khan, a member of the national assembly who has declared his loyalty to the new party, said, "We need organization." "If you want to replace the army, you have to organize like the army."

Later, Mr. Aftab said that the party did agree with Miss Bhutto's "democratic" alliance, the Movement for the Restoration of Democracy, on one main point: the demand for new elections.

Jackson: New Bridge to Africa

Leaders Welcome Help in Delivering Their Message

By Allison Sparks
Washington Post Service

HARARE, Zimbabwe — The tall black man with a football player's build leapt back in the seat of his official limousine. His happiness was obvious as the Mercedes sped through the city streets cleared of traffic by a police car and motorcycle outriders with sirens and flashing lights.

The Reverend Jesse L. Jackson had reason to feel satisfied. He had just wrapped up an eight-day African tour with an eighth joint communiqué with a shared political objective.

Observers agreed that it seemed a surprisingly successful African tour for an American politician, considering the opposition of most Africans to U.S. policy toward South Africa.

In each of the eight countries, Mr. Jackson presented himself as the advocate of an alternative American policy that identified unequivocally with African blacks and pledged to help them in their fight against what he labeled "the evil empire" of apartheid.

The response everywhere was enthusiastic. Particularly because of his racial links with his hosts and partly because of the message he bore, the Africans greeted Mr. Jackson like the "brother" he insisted on calling himself.

In the Congo he linked hands and prayed with members of the ruling Marxist-Leninist Central Committee. He did it again with

the executive of the African National Congress, the black South African movement that Pretoria regards as "terrorist," in Angola he embraced President Jose Eduardo dos Santos, whom the United States does not recognize and is opposing through aid to Jonas Savimbi's rebels in the National Union for the Total Independence of Angola. He persuaded Mr. dos Santos to extend an olive branch to Washington.

Mr. Jackson and President Kenneth Kaunda of Zambia refused each other to tears with emotional oratory about the inequities of racism. The next day they sang together in a packed Lusaka church while Mr. Kaunda's wife, Betty, was initiated into a sisterhood of the church.

In Tanzania, Mr. Jackson traveled to a remote village in the poorest part of the country to meet with the farmers who are being driven off their land in resettlement and is the continent's most respected elder statesman.

Now, at the end of the trip, Robert Mugabe, the prime minister of Zimbabwe, had accepted Mr. Jackson's invitation to visit the United States in September to brief Americans on why he and other leaders in this region view Mr. Reagan's policies with such resentment.

This was the cherry on the top, and as the big Mercedes carried Mr. Jackson toward the airport he

was reflecting on the fulfillment of an African-American dream.

"We have discovered that we have a role to play here," he said. "We are reaching the African family."

The Mugabe visit will be a forerunner of a series of U.S. support but who are frustrated and angry at their inability to bridge a cultural and ideological gap that separates them from the U.S. administration.

Mr. Mugabe said, "Jesse Jackson offers us a channel of communication to the American people at a time when we badly need one."

It is not to be a communication aimed at converting the administration of President Ronald Reagan.

"It's not good appealing to Reagan with our appeals," Mr. Jackson told the African leaders. "He doesn't understand that. What he understands is a strong



The Reverend Jesse L. Jackson arriving in Zimbabwe during his eight-day tour.

media message that makes an impact on the American people."

It is meant to dramatize the African cause, but it will help Mr. Jackson, too. Few of those who accompanied him on the tour were in any doubt that this was an early start to another bid for the Democratic presidential nomination and that the Rainbow Coalition has placed itself firmly against the apartheid issue.

Mr. Jackson's insights into the realities of southern Africa began on a Monday night, midway through his 11-day tour, in the little town of Gaborone, 10 miles (16 kilometers) from the South African border.

As usual he was behind schedule and it was nearly midnight when Mr. Jackson's Boeing 707, led to him by the president of Nigeria, touched down at Gaborone airport.

Half an hour later the weary group piled up outside their hotel, the Gaborone Sun. The name rang a bell in Mr. Jackson's mind. It was the name of South Africa's version of Las Vegas.

Mr. Jackson strode into the hotel and demanded to know whether it was part of the same South African apartheid. The receptionist confirmed that it was.

"We can't say here," Mr. Jackson exploded. "We can't let our

money go toward strengthening the apartheid system."

Finally, the receptionist explained that the only other hotel in town that could accommodate the group was also owned by South Africans, that wherever the group stayed they would be eating food from South Africa, that the hotel would serve them around town were assembled in South Africa and were driving on gasoline from South Africa.

Mr. Jackson gave up and checked in. But the incident changed his perception of the apartheid system by highlighting the extent of the dependence of neighboring nations on South Africa.

U.S. Reorients Aid to Egypt to Favor Private Sector

By Christopher S. Wren
New York Times Service

CAIRO — The United States is reorienting the program of civilian aid to Egypt that has pumped more than \$10 billion into the country in a decade.

The program accounts for \$1 of every \$10.00 in the total U.S. government budget and runs behind only the cash aid given to Israel.

Including military assistance, the United States has spent \$18 billion on Egypt since 1975.

The United States undertook a sweeping modernization of Egyptian installations, like water and power systems, that had been neglected for several decades as limited resources were diverted for war with Israel.

Now, without cutting back on

overall spending, the American program has begun to concentrate on fewer areas, including private enterprise, that appear likely to promote self-sufficiency.

"What we're trying to do is get things to a point where they don't need us," said Frank R. Kimball, the mission director in Cairo for the agency for International Development. "I don't think that in the long run this arrangement is good for either side."

The program was conceived by Henry A. Kissinger when he was secretary of state as a reward to Egypt for its disengagement of forces with Israel in 1975.

The program became staggering in its scope. From 1975 to 1983, more than \$966 million was allocated to overhaul Egypt's water and sewage systems. Nearly \$816 million went to create more electricity.

More than \$2.5 billion has been provided in low-interest credits with which Egypt could buy American grain.

Egypt has had difficulty absorbing the aid. A gap between money allocated and money actually spent

rapidly widened, and it did not close until 1982.

In an interview, Mr. Kimball avoided criticizing his predecessors for trying to accomplish too much too fast.

"What I would say is the program has evolved and will continue to evolve," Mr. Kimball said. "I started out with a lot of money looking for things to do, and there were a lot of false starts."

The well-spoken, inevitably spawned stories of waste, corruption and red tape that obscured the extent to which U.S. aid has improved the quality of life in Egypt.

An American microwave system made the telephone work in Cairo. Fully one-third of the electrical power in Egypt is now generated by plants built under the American plan. The majority of Egypt's 50 million citizens will benefit directly from the United States water and sewage projects.

The United States has not pressed the government of President Hosni Mubarak for significant changes in economic policy, and little has been done to wean Egypt from the aid.

"We are becoming more dependent," an Egyptian official said, "on Egyptian officials, who are more dependent on U.S. money."

Private business, the new logic goes, can increase Egypt's productivity faster and better than the sluggish public industries. The U.S. development agency plans to offer private enterprises technical assistance, management training and financial credits amounting to \$235 million over three years.

Mr. Kimball singled out agricultural

production, health and population control as areas in which private efforts might be more successful.

He said Egypt's family-planning drive, in which the United States invested more than \$67 million, "is not producing any demonstrable results at the moment."

U.S. civilian aid to Egypt has reached more than \$67 million, "is not producing any demonstrable results at the moment."

U.S. civilian aid to Egypt has reached more than \$67 million, "is not producing any demonstrable results at the moment."

Mr. Kimball said the government bureaucracy had stunted the country's ability to foster private enterprise. He said the government should be freed from state planning and taught modern agricultural techniques, he said.

U.S. civilian aid to Egypt reached \$1.3 billion this year, with another \$1.3 billion in military assistance to modernize the armed forces.

East German Officer, 2 Others Flew to West

HAMBURG — An East German Army officer, an army corporal and a bricklayer defected to West Germany over the weekend, the West German border police said Monday.

A spokesman said the officer was in uniform when he climbed board a fortification near Uelzen and crossed into the West German zone of Lower Saxony. The bricklayer also crossed into Lower Saxony and the corporal defected in Bavaria while supervising civilian workers along the frontier.

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NASA Plans To Cancel Missions By Spacelab

United Press International
CAPE CANAVERAL, Florida — NASA is canceling 15 to 18 space shuttle scientific missions involving the Spacelab over the next five years because of the Challenger disaster, Aviation Week & Space Technology magazine reported Monday.

Aviation Week, quoting officials of the National Aeronautics and Space Administration, said the agency now planned just two or three Spacelab missions before 1991.

"There is no point in us putting any funding now into any mission that will have no flight activity in five years, so those missions have been canceled," Samuel Keller, deputy associate administrator for space science and applications, was quoted as saying.

NASA will release a list of the canceled missions in a few weeks, the magazine said.

Spacelab is a \$1-billion system developed for the shuttle by the European Space Agency to allow advanced scientific work in orbit.

Several configurations can be flown, including a habitable laboratory module in the shuttle's cargo bay.

The European Space Agency provided one module and NASA bought another. Four Spacelab missions have been completed so far, three using the pressurized module and one using pallet-mounted instruments.

Aviation Week said the only Spacelab mission now planned before the end of the decade was an ultraviolet telescope pallet and a science flight using a laboratory module.

The status of at least two Spacelab missions planned for the Strategic Defense Initiative, President Ronald Reagan's planned missile defense program, has been left unresolved.

Mr. Keller said another problem facing the Spacelab system was its weight. Following the Challenger accident, safety questions were raised about allowable landing weight in case a shuttle had to attempt an emergency landing.

To increase safety margin, the shuttle's launch weight had to be reduced. That could force Spacelab planners to reduce the number of experiments carried.



Ku Klux Klan Chooses Northerner as Leader

James Ferrante, of Shelton, Connecticut, at the wheel of a Mercedes on his way from the national convention of the Ku Klux Klan in East Windsor, Connecticut. Three dozen delegates elected him as imperial wizard of the white supremacy group, replacing Jim Blair, of Five Points, Alabama, who was seated next to him. The choice of a New Englander apparently represented a bid to attract more support for the group, which originated in the South during Reconstruction.

Witches of Massachusetts Raise Hell

Film of Updike Novel Distorts Their Practices, They Say

By Susan Diesenhouse
New York Times Service

BOSTON — Filming of "The Witches of Eastwick" has been going on here this summer, and the witches of Boston — and Salem and Beverly, too — are none too pleased about it.

The film, based on a novel by John Updike about three sexy women and their misadventures with the devil, is the latest misrepresentation of witches, according to members of the Witches League of Public Awareness.

Laurie Cabot, 53, of Salem, who heads the league, said it was formed in response to the film "to protect the civil rights, dignity and public portrayal of witches and pagans."

Ms. Cabot, who teaches and practices witchcraft, or wicca, as its adherents call it, said: "We are not the housewives in Updike's book who have nothing better to do than cause evil."

"We don't want the idea that we worship Satan to go out over home video, television and movies," she added. "How can our children go to school and say I'm a witch without facing ridicule?"

Ms. Cabot said witchcraft is a science, religion, philosophy and

art and does not involve devil worship. "Our credo is, 'Do what you will and harm no one,'" she said.

"We see ourselves as holistic observers of nature, healers, users of the psychic senses as a way of life."

Witches in Massachusetts have established a system to call one another to meditate on behalf of the sick or needy, she said.

"Mr. Updike lives in the next town over, Beverly Farms," Ms. Cabot said. "The witches of Salem are his neighbors and there are lots more in Beverly."

Margot S. Adler, a radio news reporter, author and former Vietnam Fellow at Harvard University who practices witchcraft, estimated that about 100,000 people in the United States follow witchcraft.

She called the practice "a revival of pre-Christian, West European paganism based on the ancient mother goddess found especially in Wales and Ireland before Christianity came in the 12th century."

Secrecy surrounds witches, she said, because they went underground after the trials and burnings of the 16th to 17th centuries.

Lack of a centralized structure has led to variety. "No two witches define the craft the same way," said Amy Oppy Hebb, 37, a Salem witch who holds a college degree in anthropology and uses magic.

It can be a way of life or a religion picked up informally through the family or formally through the groups that have emerged in the past 35 years, Ms. Adler said.

With the repeal of laws against witchcraft in England in 1951, she said, also came more books, a new interest in anthropology, ecology and feminism and its renaissance of the female elders who used ancient ritual to protect villages from illness and ensure bounty.

Some witches practice alchemy, others in covens of 3 to 13. "I practice witchcraft every minute of every day," said Barbara Cummings, 34, a speech pathologist who lives in a suburban farm with her husband, Don S. Akim, 36, and three children, all of whom consider themselves witches.

Ms. Cummings, who also directs the preschool of her church, said: "Whatever good we do returns to the Western hemisphere after Halloween."

Bolivia Frees 88 Arrested During the State of Siege

United Press International

LA PAZ — Bolivia has freed 88 of the 162 union leaders, political activists and journalists arrested last week under a state of siege imposed to end labor unrest, according to officials.

Interior Minister Fernando Barthelemy said Sunday that 54 of the 74 people still in detention have been sent into temporary internal exile in Bolivia's northern jungle.

Among the 88 political detainees released Sunday was Andres Soliz, correspondent for the French news service Agence France-Presse, Mr. Barthelemy said on Bolivian radio.

President Victor Paz Estenssoro, 78, who has been in office nearly 13 months, called a session of Congress late Monday to explain why he imposed the state of siege.

Bolivia's Constitution requires Congress to approve the decision by Mr. Paz Estenssoro to impose the 90-day state of siege. Bolivia's second in a year.

Concerned by growing labor unrest, Mr. Paz Estenssoro declared the siege before dawn Thursday and sent tanks and troops to round up 5,000 striking miners participating in a cross-country march to La Paz.

Members of the Paz Estenssoro administration later said they believed the miners and left-wing political activists intended to launch an insurrection once they reached the capital.

In the interview with Radio Panamericana, Mr. Barthelemy denied the government was infringing on press freedom. He said that Mr. Soliz had been freed and said a second report, Jorge Barrientos, would be released from exile shortly from the jungle town of San Joaquin near the Brazilian border.

"There are absolutely no restrictions on the press," he said.

The mining crisis that spurred other labor protests is only part of the economic turmoil shaking Bolivia, the second-poorest country in

the Western hemisphere after Haiti.

To combat inflation that hit 12,000 percent in 1985, Mr. Paz Estenssoro imposed an economic austerity program that included widespread layoffs from state-owned businesses, a twofold increase in gasoline prices, wage freezes, and an end to food price subsidies.

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Young U.S. Voters Polarized, Expert Says

By David S. Broder
and Thomas B. Edsall
New York Times Service

WASHINGTON — The young voters who control the future of American politics are becoming increasingly polarized, according to a leading political researcher.

Educated, involved American youths tend to be highly critical of President Ronald Reagan, while their less-attentive contemporaries are ardent followers of Mr. Reagan and his policies, according to Warren E. Miller of Arizona State University, the director of the Biennial National Election Survey.

Mr. Miller says "baby boomers" are "sharply polarized" in their party preferences, largely because "the well-informed are really worried out by Ronald Reagan, while the less involved 'voted 70-30 in his favor.'"

He feared the preview of a forthcoming study at a weekend meeting in Washington of the American Political Science Association.

Overall, the papers on political trends offered no clear verdict in the continuing debate on the likelihood of a realignment that would establish clear dominance for one party or the other in the remainder of the century.

Mr. Miller did not predict which way the baby boomers finally would go, but two other political scientists suggested that Mr. Reagan's popularity had diminished "this government" and re-named that as an issue for future conservative candidates.

Linda L.M. Beeman of Western University in Springfield, Ohio, and Stephen E. Bennett of the University of Cincinnati pointed out that those "believing that Washington was too powerful rose from 30 percent in 1964 to 49 percent in 1980, but fell to 32 percent in 1984."

Young people particularly "show increasing disinterest in how powerful government is getting to be," they said.

Using surveys of delegates attending Democratic and Republican state party conventions in six Southern states, Ted Baker, Robert Stute and Laurence W. Moreland found that 63 percent of Republican delegates were married, but only 50 percent of Democratic delegates were married.

Only 11 percent of Democratic delegates fell into this category, they said.

Equally important, Democrats

Among the often conflicting findings:
• A study focusing on young voters by Barbara G. Farah of the New York Times and Helen Norbeck of the State University of New

York at Stony Brook found that there were strong signs of a Republican realignment.

Using a series of 1986 surveys, they found that the Democratic Party retained plurality strength among all voters aged 18 and older, and those 27 or younger.

The youngest of these voters had shown "the markings of a GOP generation rising from the start, signaling a major break with the partisan legacy of their parents," they wrote.

"Unlike the 1950s and late 1960s, when prospects of a Republican realignment remained unfilled," they concluded, "the 1980s produce a number of clues that such a realignment is now under way."

Three political scholars at the Citadel in Charleston, South Carolina, contended that whites who support the religious right's agenda are a key source of Southern Republican activism.

Using surveys of delegates attending Democratic and Republican state party conventions in six Southern states, Ted Baker, Robert Stute and Laurence W. Moreland found that 63 percent of Republican delegates were married, but only 50 percent of Democratic delegates were married.

Only 11 percent of Democratic delegates fell into this category, they said.

Equally important, Democrats

most likely to abandon their party are those who align themselves with conservative fundamentalists and evangelicals.

• A conservative political scientist, Charles R. Kesler of the Clare

moremen, and that true virtue is concentrated in the few."

• Lutz Erbinger of the University of Chicago contended that prospects for a realignment have not been tested because congressional Democrats generally have allowed Mr. Reagan to win most of his initiatives, including aid to the Nicaraguan rebels, tax reform and spending cuts.

The Democratic realignment of the 1930s did not take place, he said, until 1938, when Republicans first appeared to actively oppose President Franklin D. Roosevelt's legislative agenda, and voters had a real choice between parties.

• Richard A. Champagne of the University of Wisconsin-Madison said the U.S. party system "was ripe for realignment on civil-rights issues" in the past 15 years, but party positions were too "inconsistent and ambiguous" that the wedge may have closed.

"Major party realignments may no longer be possible in the United States," he said.

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SDI Is Generating Campaign Funds

Los Angeles Times Service

WASHINGTON — Industrial suppliers for President Ronald Reagan's Strategic Defense Initiative, a plan to create a barrier in space against missiles, have already provided \$6 million in campaign funds for congressional supporters of the plan.

Nineteen political action committees set up by military contractors have provided campaign money for the principal legislators who support SDI, according to a recent report.

The amount was calculated from data of the Federal Election Commission analyzed by the Council on Economic Priorities, a nonprofit research organization based in New York City that frequently criticizes Pentagon spending.

According to the report, the principal contributor to the committees was Lockheed with donations of \$586,941 in the three years that ended in March. Second and third were Rockwell International with \$457,625 and General Dynamics with \$457,294. The smallest donor was Aerojet General, which has given \$64,160.

The contributions are meant to help those lawmakers most closely associated with the project.

In the Senate, Bob Packwood, the Oregon Republican who is

chairman of the Finance Committee, has received \$46,000. Dan Quayle, the Indiana Republican who is chairman of the Armed Services Subcommittee on Defense Acquisition Policy, was second with \$43,700. Pete Wilson, a California Republican who is chairman of another Armed Services subcommittee, got \$29,700.

Because Democrats are in the minority in the Senate, only two, Ernest F. Hollings of South Carolina, a member of the Appropriations Subcommittee on Defense, and John Glenn of Ohio, a member

of the Armed Services Defense Acquisition Policy Subcommittee, were among the top dozen with \$24,300 and \$22,000.

In the Democratic-controlled House of Representatives, only three Republicans were among the top 12, but Representative William O. Dickinson, a Republican of Alabama, was first with \$32,750. As the senior Republican on the Armed Services Subcommittee on Research and Development, Mr. Dickinson has been the administration's main supporter of SDI in the House.

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Neighbors tried to help
piled in the crash area.
The heat was so intense,
ch was just a horrible smelt-
"We got to the end of the
and there was just flames.
We couldn't get close to them
sist, but "we heard screams."
the Piper plane crashed in a
ny school yard. Inside the
ckage were the bodies of a
man and child.

Permission Required
The DC-9 was within the last minutes Terminal Control from the time of the collision, the source said. If the Los Angeles Times, the aircraft is permitted to enter the space without the specific permission of Los Angeles controllers.

Federal Aviation Administration officials said the DC-9 was under ATIS control at the time of the collision. High plane was not.

Air safety experts and pilots working with Los Angeles airport procedures say that the controller should have warned the mexican pilot if control was there was no control of this.

However, John Galimpek, director of the Aviation Safety Institute in Worthington, Ohio, said that the controller would not have been able to relay information about the plane's altitude unless the craft was equipped with a transponder that broadcasts information.

IR:

Traffic Congestion

(Continued from Page 1)
 nized to scan the sky for
 traffic and act on their
 relative to avoid a collision.
 ough in a busy area such as
 roach lanes to Los Angeles
 tional Airport, it is common
 ground controllers to advise
 that they have spotted an
 aircraft in their vicinity.

The collision occurred in an area where control over traffic approaching Los Angeles International Airport is commonly shared from the FAA controllers at Los Angeles, which goes on at high altitudes at 10,000 feet, to a radar center near the airport that pilots use as they are landing and taking off.

The crash is likely to:
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 • air lanes
 • put your five airlines
 • large airlines, including
 the United States, in
 the people and workers
 years.

Air safety experts who mis-
took the year's epidemic of air-
craft crashes for an airplane
fire.

But this did not silence congress and elsewhere men contended that the sur-vey's air traffic control had recovered from the President Ronald Reagan's call in 1981 of more than 100 controllers who refused to be named by Mr Reagan at the time was in 1981. The critics have pointed

ny air traffic controller trained by inexperienced controllers are too few apprentices to put them on the job of flying safely. Separated from economic critics have come regulations of the industry in the early 1980s but which are now a problem by leading up

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BUSINESS ROUNDUP

VW Prices 1-for-4 Issue At 350 DM Per Share

WOLFSBURG, West Germany — Volkswagen AG said Monday that it had set a price of 350 Deutsche marks (\$170 per nominal 50-DM share) on its first issue of non-voting preference shares.

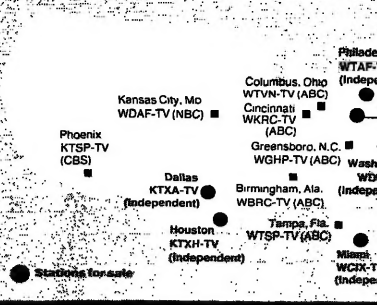
The 300-million-DM issue of non-voting preference shares, approved in July, is expected to raise 2.1 billion DM in cash. VW said in a prepared statement that the preference shares would be identical to a dividend from Jan. 1.

VW announced last month that it had set a 1-for-4 ratio on the new issue. The new shares are to be sold from Sept. 19 to Oct. 3. The preference shares pay a dividend of 5 percent of VW's annual profit, with a cumulative preference dividend of 2 DM.

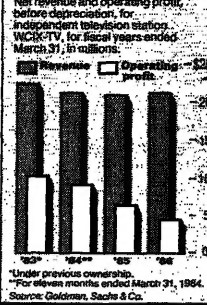
The company has said that the share issue is merely a means of financing the company's financial needs and that it reflects VW's growing business volume in recent years.

The company has said that the federal government and the state of Lower Saxony, which own 20 percent of VW, will not exercise their right to participate in the issue.

Taft's Television Properties
Independent television stations and network affiliates owned by the Taft Broadcasting Company



Station Struggles In Miami Market



In U.S., Picture Grows Darker for Independent TV

By Geraldine Fabrikant
New York Times Service

NEW YORK — Two years ago, independent television stations in the United States were beaming a bright picture. With a bigger share of television advertising dollars and improved ratings, they were giving the networks the edge of a run for their money then and there.

But as more and more entrepreneurs tried to get a piece of the action, television advertising in general started to level off. Since then, the rising number of new independent stations and the sluggish ad revenues have combined with an unexpected rise in the cost of programming to dampen the outlook for many of the nation's 200 independents.

Nowhere is that clearer than in the financial data for several of the five stations recently put up for sale by Taft Broadcasting Co. At WDCB-TV in Miami, for example, profits have dropped to \$4.6 million from \$10.4 million in four years as advertising revenues flattened and the costs of programming and promotion soared.

Taft also faces problems in Dallas and Houston because of a general depression in the markets and increased competition from newer stations.

"The problems are more intense for independent stations than for network affiliates," said Dennis Leibowitz, an analyst at Donaldson, Lufkin & Jerrett Securities Corp.

There are not the same programming cost pressures on affiliates, he noted, "because they get the bulk of their programming from the networks. And the addition of a new independent in the market already has several much more severe on independents than affiliates."

The high programming budgets of the networks allow them to attract at least two-thirds of the audience, leaving the independents to divide the remainder.

Only one of the stations Taft is selling, WTAZ-TV in Philadelphia, has seen consistent growth in its operating profits. For the rest, results have been weak over the past several years.

For example, WDCB saw its operating profits drop before depreciation plummeted nearly \$6 million between fiscal 1983 and the fiscal year that ended March 31. Revenue, which totaled \$22 million in 1983, fell slightly over the same period.

"The station had undoubtedly suffered from increased competition and increased program costs since Taft bought it," said Howard Stark, an independent television station broker who sold Taft's Miami station in 1983. "It is one of the most competitive stations in the market."

WCIX has several things going for it, however. It is a VHF station, which means it is better placed on the dial and a stronger signal. And it is still the leading independent in Miami in market share, the number of homes with viewers watching television.

Nevertheless, the station is facing increased competition: Three independents have come to Miami in the past five years.

As a result of increased competition, key cost factors have escalated at WCIX. Independent stations, which posted a loss of 11.75 million Austrian schillings (\$1.4 million) last year, is scheduled to announce a restructuring plan on Tuesday. The television report said the plan calls for 10,000 layoffs by 1990, the date by which the steel, engineering, electronics and trading group hopes to return to profitability. Voest previously had announced plans to eliminate 2,400 administrative jobs by 1988 to cut costs in that area by 15 percent.

Overseasische Industrieinvestments, the state holding company, had asked Voest's board to submit a restructuring plan by the end of August. In July, Voest forecast a 4.2-billion-schilling loss for 1986, but said last week that the figure would be bigger, although he declined to predict a specific amount.

which cannot depend on the networks for their programming, have to bid heavily for outside shows, particularly reruns of old network series.

The bidding has become so competitive that at WCIX, programming costs jumped to \$7.7 million in fiscal 1986, from \$4.4 million in fiscal 1984.

The other major cost increase has been in expenditures on promotion and publicity, which rose to \$1.2 million last year from \$620,000 in fiscal 1984.

"There are simply more stations than the market can support," said a broadcast executive who asked not to be named.

"The stations are still making money," he said. "The problem is that the value of the station has declined in terms of absolute numbers. It might have been worth \$80 million or \$90 million. Now it is worth \$40 million or \$50 million."

The best performer of the stations Taft is selling is WTAZ-TV in Philadelphia, where operating profits climbed to \$11.6 million in fiscal 1986 from \$5.6 million in 1982.

That was despite an increase in programming costs to \$13 million from \$6.7 million in that period. The added costs were more than made up by increased advertising revenue, which climbed from \$17 million to \$40 million from 1982 to 1986.

Another factor helping WTAZ is that there has been only one new independent station in Philadelphia in recent years.

Early last year, there were 214 independents nationwide, compared with 260 today. In addition, there are fewer shows available for reruns these days. Unless a series has at least three years, there are an insufficient number of episodes to sell to the independents.

As a result, stations are willing to pay top dollar for network hits. The slowdown in the inflation rate also has hurt independents, said David Londoner, an analyst with Wertheim & Co. The independent bid particularly well through 1984 because programming was bought for five-year periods at fixed costs, and inflation increased revenues and profit margins.

But now, Mr. Londoner said, "programming costs are more competitive and independents are not getting the inflation boost on the revenue side."

The total value of the five Taft stations, which include an independent in programming costs to \$13 million from \$6.7 million in that period. The added costs were more than made up by increased advertising revenue, which climbed from \$17 million to \$40 million from 1982 to 1986.

COMMODITIES

U.K. Group to Promote Wider Futures Investing

By David Axtell
Reuters

LONDON — Investment in commodity and financial futures funds by British investors, as restricted by the tax situation, may be in for a revival, according to fund managers and accountants.

Such investment through offshore funds was hurt in January 1984 when gains became taxable as income, often at very high rates, rather than as capital gains, they said. The legislation was modified in the 1985 budget, provided that the funds were operating on "recognized futures exchanges," which exempted all the British ones but not those overseas, the sources said.

A similar situation prevails in the United States, and British fund managers have welcomed an agreement between Britain and the United States to recognize each other's futures exchanges.

With such issues in mind, 50 leading City of London institutions have established the Association for Futures Investments. The AFI said it would aim to promote and protect the interests of those using futures, forward or options markets in conjunction with collective investment plans.

The AFI committee chairman, David Anderson, said, "We are trying to persuade the legislators, regulators and tax authorities to be fair in order to allow this business to develop in London and make us competitive with the U.S. and other financial centers."

"In a well-regulated environment there is not much difference between a properly run futures fund and any other type of unit trust or collective investment scheme," Mr. Anderson said.

Currently futures markets are no more volatile than stock markets. If money management is based on modern portfolio theory and proper financial principles, then the risks in futures funds can be reduced to an acceptable level, he said.

He said the AFI would meet with officials of the Department of Trade and Industry to clarify points in this month's departmental consultative document, which envisions wider investment by pension funds, including foreign exchange and commodities.

It will meet with the Securities and Investments Board, the new regulatory body under the proposed financial services bill, and discuss tax anomalies with the revenue authorities, he said.

Mr. Anderson is chairman of E.D. & F. Man International Ltd., whose offshore futures-trading company, Man Ltd., has been a leading public futures fund since it started in January 1983. In the 12 months to June 30, 1986, Man Ltd.'s shares rose to a record high of \$11.75 from \$11.47, Man said.

The Man family of funds includes Man Guaranteed Ltd., which guarantees the return of original capital investment. Man plans in October to introduce Man High Income Ltd., aimed at British investors and designed to achieve more favorable tax treatment.

AFI sources said a well-regulated futures investment industry manages about \$3 billion in the United States, compared with a maximum of \$30 million in Britain.

Mark King, director of G.W. Joynton & Co., said he hoped the clarification of tax and legal issues would lead to growth in Britain's futures investment industry.

Joynton is broker and adviser to an offshore managed trust with a low risk factor called "stronghold." This is a computer-based technical trading system, and investors' interests are protected by trustees. It runs a similar system aimed at British investors, designed only to allow alternative to British futures investor wanting to avoid prohibitive taxes.

Britain's Lloyds Bank Files in U.S. To Acquire Up to 29.9% of Standard

LONDON — Lloyds Bank PLC has applied to the U.S. Federal Reserve Board for permission to buy up to a 29.9 percent stake in Standard Chartered PLC, a Lloyds bank, it was announced Monday.

He said the application was meant "to keep Lloyds' options open with regard to Standard," but would not elaborate. The acquisition of a major stake in Standard would require U.S. approval because of Standard's ownership of Union Bank of California.

Lloyds itself has just completed the sale of its Lloyds Bank America unit for \$565 million to Standard Bank Ltd. of Japan.

U.K. Y.K. Pao of Hong Kong took almost 15 percent stake, Tan Sri Khoo Teck Prat, a Malaysian, purchased 5.3 percent, and the Australian investor, Robert Holmes & Co., bought 6.4 percent.

All three have joined Standard's board.

Swiss Will Provide More Information In Insider Probe

BERN — The Swiss government has approved a U.S. request for more information in an insider-trading investigation of Swissair, a Zurich-based brokerage house, a Justice Ministry spokesman said Monday.

The additional information was requested by the United States last month, said the spokesman. It was the second successful information request by the United States in the case.

Last December, the Swiss surprise court rejected aspects proffered by Swissair customers and cleared the way for other documents to be turned over to the United States.

Claude Dreyfus, one of Swissair's owners, said at the time that he expected six or seven documents to be turned over, and said further court action was not expected to be taken by the customers.

In a court filing, the U.S. Securities and Exchange Commission said that it has filed Swissair's purchase of stock and options in more than 40 U.S. companies before takeover announcements involving the companies.

The SEC complaint has been widely described as one of the largest suits ever, with estimates of illegal profit reaching \$40 million. Two Swiss clients have already pleaded guilty to the case.

Voest Said to Plan Layoffs for 10,000

VIENNA — Voest-Alpine AG plans to lay off half its staff in a restructuring plan aimed at halting losses, it was reported Monday on Austrian television.

Voest, which posted a loss of 11.75 million Austrian schillings (\$1.4 million) last year, is scheduled to announce a restructuring plan on Tuesday. The television report said the plan calls for 10,000 layoffs by 1990, the date by which the steel, engineering, electronics and trading group hopes to return to profitability. Voest previously had announced plans to eliminate 2,400 administrative jobs by 1988 to cut costs in that area by 15 percent.

Overseasische Industrieinvestments, the state holding company, had asked Voest's board to submit a restructuring plan by the end of August. In July, Voest forecast a 4.2-billion-schilling loss for 1986, but said last week that the figure would be bigger, although he declined to predict a specific amount.

Chairmen Are Replaced At France's 2 Steel Firms

PARIS — The chairmen of France's two government-owned steel groups, Usinor and Sacilor, resigned at board meetings Monday and were replaced by a single administrator.

Claude Merle, 47, chairman of Usinor, and Jean-Claude Piquet, 47, chairman of Sacilor, were replaced by a single administrator, Michel Ring, chairman of the state-owned coal group Charbonnages de France, also resigned Monday, and the executive board of the state-owned steel group Usinor was replaced by a single administrator.

The changes were the first major ones in the steel industry made by the conservative government of Prime Minister Jacques Chirac and were part of a series of changes among executives of nationalized groups.

Michel Ring, chairman of the state-owned coal group Charbonnages de France, also resigned Monday, and the executive board of the state-owned steel group Usinor was replaced by a single administrator.

COMPANY NOTES

Boral Ltd. of Australia reported net profit of 161.26 million Australian dollars (\$98 million) for the year ended June 12, a 27.2 percent increase from 117.64 million a year earlier. Revenue rose to 1.97 billion dollars from 1.59 billion. Boral announced a one-for-four bonus issue to shareholders registered on Sept. 2.

Boots Co. has accepted applications for 142.7 million shares, or 71.5 percent of the 184.2 million shares offered in its public offering of 205 million (\$33.08) shares. The new ordinary shares not applied for by shareholders will be sold on the market.

Cathay Pacific Airways has converted into a firm option to purchase a Boeing Co. 747-200 cargo jet. The plane, using Rolls-Royce engines, is expected to cost \$100 million.

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Honda Motor Co. is expected to displace Toyota this year as the No. 1 foreign seller of cars in the United States, *Time* magazine said. It said Honda expected to sell 630,000 cars in 1986 — nearly 6 percent of the U.S. auto market. Toyota expects to sell 630,000 cars, it said.

Hooker Corp. has lodged a 750-million-dollar (\$455-million) claim against New South Wales over a cancellation of a contract with Hooker and Harrah's Hotels & Casinos to build a casino-hotel on the coast.

Korean Air Buys Boeing Jets
Reuters
SEATTLE — Boeing Co. announced Monday it had received a \$400-million order for 10 Korean Air Lines for three 747-400 jets. The planes are scheduled for delivery in April 1989.

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